

SENATOR LEVIN: All right. Well, let me try to summarize this statement, then, as follows. My perspective is obviously as one who comes from a state that has had an automobile industry and auto parts industry. We have been a manufacturing state. Those jobs are obviously important to us.

But what is absolutely critical -- and this is my perspective -- is that we have access to the markets of other countries when they want access to our markets. And nothing drives us nuttier, crazier, makes us more frustrated than when we see Japan or Korea or China or any country having access to our markets when we are discriminated against when it comes to access to their markets.

Now, that has been my focus for I can't tell you how many years. I have been frustrated with one Administration after another for failure to take strong action to force open markets.

Ironically sometimes people say, "Gee, you sound like a protectionist." Quite the opposite. I'm an open market guy, both ways. I don't want to re-fight NAFTA, but I can't tell you the frustration of a guy who comes from an auto state when we are told that NAFTA contains provisions that, for ten more years,

Mexico can discriminate against American-made automobiles and auto parts.

But it's just for ten more years. Without NAFTA, they could do it forever. Not if we took strong action against a country which tries to do it and say, "You want to protect your market? We're going to treat you the way you treat us."

I don't care if it's Mexico, Canada, Japan or Korea. I don't care if it's a great ally, or a medium warm ally. We don't do it. We haven't done it.

We have the tools to do it. We haven't used those tools forcibly. No other country would tolerate what we tolerate.

Regarding Mexico, for 25 years in NAFTA they're allowed to prohibit the import of American used cars. It's a crime in Mexico to take a used car there and sell it. But it's only for 25 more years.

Without NAFTA, they could do it forever. No, they couldn't, not if we told them, "We're going to treat you folks the way you treat us," not because we don't like you. We love you.

We would do the same thing with Canada. They have favored treatment for their automobile products vis-à-vis us in NAFTA.

We're now told this: China is going to reduce its tariffs. Hey, that's great. They're only going to be ten times the tariff that we put on their cars. Now they're 30 percent. Therefore, the status quo is 30 times.

So the argument that we face is: Under the status quo, China's tariffs are 30 times our tariffs. And under this proposed agreement, they're only going to be 10 times our 2.5 percent tariff on American cars, instead of a 2.5 percent tariff on Chinese automotive products.

I'm supposed to say yes to that because it's an improvement on the status quo? There's another way to change the status quo. And that is to tell China, "Hey, we're trying to work out a great relationship with you. Nothing personal, folks. We're going to put the same restrictions on your products that you put on ours. Nothing personal."

You've got a lot of advantages. Cheaper labor. You couldn't care less about the environment. If you want to call those advantages, they've got a lot of economic advantages.

But we don't enforce our trade agreement and we write trade agreements which contain

discriminatory practices against us, and Congress is asked to approve them. If you come from a state like mine, it's mighty tough to say yes to that kind of a deal.

Three minutes. Did I live up to it?

CHAIRMAN WEIDENBAUM: Thank you very much, Senator Levin.

SENATOR LEVIN: I did my best.

CHAIRMAN WEIDENBAUM: The trade deficit is not the only deficit faced by this Commission.

SENATOR LEVIN: You've got a time deficit.

CHAIRMAN WEIDENBAUM: We were scheduled to adjourn, to recess 20 minutes ago. So I thank you all. The Commission will now move to an executive session and lunch. At 1:15, we reconvene right here.

(Whereupon, the meeting recessed for lunch at 12:21 p.m. and was scheduled to reconvened at 1:15 p.m.

A-F-T-E-R-N-O-O-N S-E-S-S-I-O-N

(1:25 p.m.)

VICE CHAIRMAN PAPADIMITRIOU: I would like to open the afternoon session of today's briefing. And I want to welcome Ambassador Richard Fisher as the first witness to the afternoon session.

Ambassador, welcome.

AMBASSADOR FISHER: Thank you, Mr. Vice Chairman. Would you like me to proceed?

VICE CHAIRMAN PAPADIMITRIOU: Please.